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TOWN OF JEROME, ARIZONA

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MINUTES

BUDGET WORKSHOP OF THE JEROME TOWN COUNCIL **JEROME CIVIC CENTER - 600 CLARK STREET - COUNCIL CHAMBERS** **THURSDAY, MAY 8, 2014 AT 3:00 P.M.**

ITEM #1:	CALL TO ORDER/ROLL CALL Mayor/Chairperson to call meeting to order. Town Clerk to call and record the roll. <i>Mayor Check called the meeting to order at 3:13 p.m.</i> <i>Town Manager/Clerk Candace Gallagher called roll. Present were Mayor Nikki Check, and Councilmembers Bill Phinney, Randall Hunt and Anne Bassett. Vice Mayor Lew Currier was en route and arrived at 3:30 p.m.</i> <i>Other staff in attendance at roll call included Finance Director Rebecca Cretti, Head Librarian Kathleen Jarvis and Deputy Town Clerk Rosemarie Shemaitis.</i>
ITEM #2:	2014-15 BUDGET The Mayor and Council will begin their work on the 2014-15 municipal budget. Work will take place in roundtable format. Discussion will include an overview of the budget in general and in depth discussion regarding the library budget. Library budget: <i>Ms. Gallagher, with assistance from Ms. Jarvis, reviewed the proposed library budget line by line. Discussion included the following (not necessarily in chronological order):</i> <ul style="list-style-type: none"><i>Funds from the County are decreasing, and there will no longer be funding provided by the County for materials and the internet.</i><i>The budget as presented anticipates that the first floor spaces at Town Hall will be rented (providing revenue in the library budget). It was noted that there is an additional space available there now, since P&Z moved to the third floor, and that none of the rooms have been rented at this time.</i><i>Regarding revenue from contributions, Ms. Gallagher explained that the 2013-14 budget had anticipated receiving more than usual due to artwork that had been donated to the library, but that did not happen. Ms. Gallagher and Ms. Jarvis expressed hope that, during the coming year, donations will increase in light of the library's situation. Ms. Jarvis noted that donations have already increased for that reason. It was confirmed by Ms. Gallagher and Ms. Cretti for Councilmember Bassett that any donations received for the library are reflected in a specific revenue account for contributions.</i><i>The possibility of organizing a fundraiser for the library was discussed. Ideas included an event hosted at Caduceus, or an open house featuring local musicians. The Prescott Library hosts an event called "Jazz in the Stacks," which has been very successful. Mayor Check will contact Maynard Keenan about an event at the winery.</i><i>The library budget includes a 1.5% across-the-board salary increase for staff and an increase of four hours per week for a part-time staffer, Ms. Roberge, who provides 90% of the coverage when Ms. Jarvis is out. In response to questioning by Mr. Hunt, Ms. Jarvis explained that:</i><ul style="list-style-type: none"><i>Aside from Ms. Jarvis, Ms. Roberge and Ms. Schall are the only two paid</i>



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Jerome Town Hall Located at 600 Clark Street, Jerome Civic Center

employees. Ms. Roberge is currently budgeted at seven hours per week and Ms. Schall is budgeted at six hours per week. Ms. Jarvis would like to increase Ms. Roberge's hours to 11 hours per week.

- Ms. Jarvis works 40 hours per week.
- The library has several volunteers, including Richard Spudich, Henry Melody, Karen Wood, and Nancy Driver.
- Ms. Gallagher noted that worker's comp costs have increased significantly in all departments.
- Ms. Jarvis and Ms. Gallagher recommended continuing technical support services with the County. The cost for Tier 2 service, which should be sufficient, will be \$1,250 per year, which covers 25 hours of service. Any unused hours will roll over to the following year. If needed, we will be able to upgrade to the next tier level at any time; however, Ms. Jarvis does not anticipate that this would be necessary.
- Ms. Jarvis noted that the County library staff have been wonderful to work with and have supported her through the past 12 years – she considers them friends. They were put into a difficult situation by the Board of Supervisors, she said, and they really worked hard to keep the Yavapai Library Network alive.
- Ms. Jarvis said that this was a difficult budget to prepare, as she had to estimate expenses that she did not have to worry about in the past, because they had been covered by the County. It will be a very telling year, she said, and they will need to keep track of every penny.
- The Sanborn maps have been removed from this year's budget. Previously, that cost was \$420 per year. This represents the only diminution of services. Ms. Jarvis explained that the maps show buildings and their uses over several years. It was suggested that the maps could be restored through fundraising efforts.
- The amount of \$2,150 included in "Dues and Subscriptions" represents our membership fee for the Yavapai Library Network, which we have never had to pay before.
- It was discussed and agreed that \$5,000 would be added to a contingency line for additional library donations, so that, if received, they could be spent.
- \$1,500 budgeted in Small Tools and Equipment will allow for the replacement of one computer if necessary.
- It was estimated that phone costs come to about \$75 per month for phone service, plus \$95 per month for internet.
- Overall, due to the change in classification by the County, we are seeing about \$4,300 less in library revenue from the County, and \$5,550 more in expenses that we are now liable for.
- John McDonald is once again cleaning the library.

Ms. Gallagher noted that she, Mayor Check, and the mayor and manager of Clarkdale are going to be meeting soon with two of the county supervisors about this issue.

Budget overview:

Ms. Gallagher distributed a memo that she reviewed with Council, and explained that the budget changes constantly at this stage as she works on it. She said that the first draft of the budget presented at this meeting is in balance, which means that everything included in the budget so far has been funded. There are certain items that have been requested but not yet funded.

Following are the key points of her memo, with highlights of the discussion, if any, around each point (not necessarily in chronological order). Her memo stated that this first draft of the budget:

- Anticipates \$5,000 LESS in city sales tax revenue than last year's budget.

Ms. Bassett said that she anticipates that next year will be much better – she expects that legalized and recreational marijuana in August will be a huge boon to tourism in Arizona.

The current year's impacts to sales tax revenue were discussed, and included (1) the fact

that the Grand Canyon had been closed, which resulted in more visitors for Jerome; and (2) the loss of sales tax revenue resulting from the closing of 15. Quince.

It was generally agreed that additional sales tax revenue should be included in the Contingencies budget.

- Anticipates slightly less in various other general fund revenues.

It was discussed and generally agreed that revenue from the sale of assets could be increased to around \$8,000. Sales on publicsurplus.com have been going well.

Ms. Gallagher explained that the administrative charges from the General Fund to the HURF and utility funds represent overhead expenses paid out of the General Government budget, including a portion of administrative salaries, copier costs, postage, etc., a percentage of which is then charged to HURF, water, sewer and sanitation.

We will receive about \$31,600 this year from the State in HURF revenue, only slightly more than what was received last year. This is one of the revenue figures that is provided by the League.

- Includes a 1.5% across the board increase in salaries/wages that Council can raise, lower or do away with.

Ms. Gallagher explained that this is based on the 2014 Social Security cost of living increase.

- Includes a 50% increase in Fire Department training and education, due to new recruits.
- Includes an overall \$5,500 increase in the library budget's expenses, as a result of the county's reclassification of our library.
- Includes \$3,500 in the parks budget as the Town's contribution toward the Horseshoe Pit/Leaning Wall project.

Ms. Gallagher explained that the total estimated cost of the project is \$35,000, and Freeport-McMoRan has provided \$31,500.

- Includes funding in the Properties budget for infrastructure repair to include work on sluice steps.
- Includes a laptop, projector and screen for P&Z presentations and updated Code books for the building department.

Ms. Gallagher noted that we do have a screen. She added that Council would have to adopt an ordinance to utilize newer versions of the Codes.

- Provides \$21,000 for repairs and maintenance of Town buildings.
- Includes \$60,000 in the water budget for infrastructure repair, which will include regulators on School Street, Clark Street and Gulch Road.

Ms. Gallagher noted that \$30,000 had been included in the current year's budget for the School Street regulator. Bids were accepted and only one bid was received, in the amount of \$43,000. She will be recommending that Council reject that bid and send it back out to bid again after July 1. She added that it may be possible to tweak the project so that the cost can be reduced to under \$25,000 (the bid threshold). She added that the \$30,000 that is in this year's budget for the School Street regulator will be used toward the cost overrun on the Cleopatra Hill water tanks.

- Includes the remaining engineering for the sewer plant road.

Ms. Gallagher explained that this is for the construction phase of the engineering, because the planning phase should be completed during this fiscal year.

- Includes \$5,000 set aside in sanitation budget toward eventual purchase of new garbage truck.

Ms. Gallagher explained that this will bring us up to \$20,000 in savings, because we have been setting aside funds each year for this.

- Allocates \$20,000 in the sewer budget toward infrastructure repairs.

- Utilizes \$20,000 of general fund balance as revenue.

Ms. Cretti stated that she does not think we should spend fund balance until we have a policy in place, and then it should be spent according to policy. Vice Mayor Currier asked if Ms. Cretti could tell us what should be in a policy. Ms. Cretti responded that, when the fund balance reaches a certain amount, you spend it down to a certain amount. She said that, typically, you save money for four years and then spend on the fifth. Ms. Cretti was asked to compile information regarding a policy for using fund balance for review at an upcoming budget meeting. Mayor Check said that she looks forward to learning more about a fund balance policy, and feels that it will be helpful with the process.

Ms. Gallagher said that, In the current year's budget, we anticipated the need to use \$60,000 of general fund balance; however, at this point, it appears that we will only use about \$30,000. She clarified that any additional revenues anticipated, or expenditures reduced, in this budget will decrease the budgeted figure for use of fund balance.

- Utilizes \$21,000 of enterprise fund balance as revenue in the water and sanitation funds.
- Allocates \$75,000 from the general fund to the water (\$45,000) and sewer (\$30,000) budgets.

Ms. Gallagher explained that we are subsidizing the sewer and water utilities from the general fund, just as we have done in the past, and noted that this could be an argument for raising the utility rates. On the other hand, she said, it represents a little more than 10% of our sales tax revenue being used to support our infrastructure, which some might feel is appropriate.

Ms. Cretti commented that that money should be used only for special projects and not for the day-to-day operations. If there is a financial disaster, she explained, the utilities need to be able to operate on their own without support from the general fund. Ms. Gallagher agreed.

Councilmember Bassett said she is pleased that many infrastructure repairs which have been needed for decades are finally getting done. Ms. Gallagher commented that one reason we have been able to do that is because we allowed for the use of some of our fund balance towards those projects.

Ms. Gallagher's memo also listed the items which have been requested but not yet included in the budget:

- Request by Fire Department for additional staff member (22 hours per week). Estimated added cost = \$17,000.

Ms. Gallagher said that, among other duties, this staff member would also be providing backup for the Fire Chief. Chief Blair will provide additional information when we review the Fire Department budget. Ms. Cretti noted that that position would have to be a town employee – not a contract worker or volunteer.

- Request by Zoning Administrator for part time assistance (2 to 6 hours per week). Estimated added cost = \$2,000 to \$6,000 depending on hours.

- Funds for repairs to redstone and drystack walls (estimated added cost \$8,000 - \$10,000).

Ms. Gallagher noted that Council will be discussing this topic at their next regular meeting.

- Separation of Humane Society furnace and installation of a new furnace for three rental spaces (estimated cost \$9,500).
- Hard costs for construction of sewer plant road (estimated cost not yet available; may seek grant funding).

Ms. Gallagher explained that she had recently attended a WIFA seminar, where she learned that there are low-interest loans available for many projects, and grants available for engineering and design.

- Other capital projects that Council may wish to consider.

Discussion continued regarding various aspects of the draft budget. Highlights follow (not necessarily in chronological order):

	<ul style="list-style-type: none"> • The court budget was discussed briefly, and it was noted that court revenue is generated by police activity. • Ms. Cretti requested that the budget be adopted by June 30. Ms. Gallagher said that this may be possible given an aggressive budget meeting schedule. • It was noted that litigation expenses are lower in this budget, because last year's budget included settlement costs. • It was recommended that we budget enough in Elections Expenses to allow for a general election in addition to the primary election. • Ms. Gallagher noted that water and sewer connection fees have been included as contingencies only. • Ms. Gallagher explained the allocation of Public Works salaries. She said that she takes all the Public Works salaries, and allocates them among water, sewer, sanitation, HURF, parks and properties based on the percentage of time actually spent by the crew in each department during the prior year. <p>It was discussed and decided to hold the next budget meeting on May 29 at 2:00 p.m., and that water, sewer and sanitation will be discussed.</p> <p>Vice Mayor Currier asked if anyone was interested in discussing a bed, board and booze tax. Councilmember Bassett said that she would be interested in that. She commented that, at previous discussions, it had been opined that it would have to be a sizeable amount, 10-15%, which is considered a standard amount across the country. Ms. Gallagher will look into what other towns are doing.</p>
ITEM #3:	<p>ADJOURNMENT</p> <p>Upon motion by Vice Mayor Currier seconded by Councilmember Bassett and unanimously approved, the meeting was adjourned at 4:40 p.m.</p>

Edited by Town Manager/Clerk Candace Gallagher from minutes taken and transcribed by Deputy Town Clerk Rosemarie Shemaitis.

APPROVE:

ATTEST:

Nikki Check, Mayor

Candace B. Gallagher, CMC, Town Manager/Clerk

Date: _____